

Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 INT-05 /062 W
-----126846 071510Z /46

R 071125Z SEP 77
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC 8771
INFO AMEMBASSY BONN
AMCONSUL ISTANBUL

C O N F I D E N T I A L ANKARA 6638

DEPARTMENT PLEASE PASS EXIM

E.O. 11652: GDS
TAGS: EFIN, TU
SUBJ: FOURTH INTEGRATED STEEL COMPLEX AND GERMAN ASSISTANCE TO
TURKEY

REF: A) STATE 204945, B) BONN 14328

1. WE ALSO ARE UNABLE TO CONFIRM WHETHER GERMANS ARE
EXTENDING ASSISTANCE TO TURKS FOR SIVAS STEEL COMPLEX WITHOUT
APPROACHING EITHER GERMAN EMBASSY OR TURKISH OFFICIALS HERE.
OUR IMPRESSION IS MUCH THE SAME AS BONN'S, HOWEVER (REF B),
I.E. THAT THE GERMANS ARE EXTREMELY CONCERNED ABOUT TURKISH
FINANCIAL SITUATION AND OVERDUE PAYMENTS TO GERMAN FIRMS,
AND HAVE ADOPTED TOUGH STANCE WITH RESPECT TO NEW ASSISTANCE
FOR TURKISH PROJECTS.

2. POSSIBLE RETURN FROM FRG OF TURKISH WORKERS' SOCIAL
SECURITY PREMIUMS, PRESUMABLY TO ADD TO DECLINING
FOREIGN EXCHANGE RESERVES, HAS BEEN TOPIC OF FREQUENT
COMMENT IN TURKISH PRESS RECENTLY. ON AUGUST 31 AND FRG
LABOR MINISTRY SPOKESMAN, HER ALFRED SCHWARTZ,
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WAS QUOTED TO EFFECT THAT HIS MINISTRY DID NOT HOLD ANY
SUCH SUM OF TURKISH WORKERS' INSURANCE PAYMENTS-- DM
10 BILLION-- AND THAT, IN ANY CASE, FRG LAW DID NOT
PERMIT TRANSFER OF EMPLOYERS' PREMIUMS ABROAD. HE RE-
PROTEDELY SAID THAT IF TURKISH SIDE RAISED THIS QUESTION
AT TALKS IN SEPTEMBER, IT WOULD BE REMINDED OF THIS
PROHIBITION.

3. HOWEVER, PRIME MINISTER DEMIREL KEPT POSSIBILITY OF INFLOW OF FOREIGN CURRENCIES FROM THIS SOURCE ALIVE IN RESPONSE TO REPORTERS' QUESTIONS DURING SEPTEMBER 4 PRESS CONFERENCE. HE SAID THAT TURKISH PROPOSAL TO HAVE THESE PREMIUMS TRANSFERRED TO TURKISH BANKS WAS ALREADY ACCEPTED IN PROTOCOLS SIGNED WITH AUSTRIA AND SWITZERLAND. HE SAID NEGOTIATIONS TO SAME END WOULD TAKE PLACE WITH FRG IN SEPTEMBER.

4. RE PARA 8 OF REF A, KAISER ENGINEERS PRESIDENT JAMES F. MCCLOUD CALLED ON EMBASSY COMMATT ON AUGUST 25 FOR BRIEFING ON TURKISH ECONOMY AND TO INFORM US OF HIS NEGOTIATIONS WITH TURKS. IT WAS CLEAR AT THAT TIME THAT GERMAN PREMIUMS SUBJECT WAS MUCH ONN HIS MIND AS PALLIATIVE FOR TURKISH PAYMENTS PROBLEM. WE WERE ALSO VISITED ON SEPTEMBER 2 BY THREE REPRESENTATIVES OF UNITED STATES STEEL ENGINEERS AND CONSULTATNTS, INC., WHICH IS ALSO IN THE RUNNING, ALONG WITH KAISER AND KRUPP, FOR THIS CONTRACT.

5. WE DO NOT KNOW SPECIFICALLY THAT SIVAS PROJECT HAS BEEN DELAYED BECAUSE OF CURRENT PAYMENTS PROBLEMS(REF A, PARA 7). IT IS WIDELY KNOWN, HOWEVER, THAT TURKISH INVESTMENT PLANS IN GENERAL HAVE BEEN SET BACK NOT ONLY BY PAYMENTS CRISIS BUT BY ADMINISTRATIVE
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INEFFICIENCIES AND BY POLITICAL FRICTIONS BETWEEN COALITION PARTNERS. IT IS LIKELY THAT THIS PROJECT, ALONG WITH MANY OTHERS, HAS BEEN DELAYED AND UNDOUBTEDLY WILL BE FURTHER DELAYED BY A COMBINATION OF CAUSES, AMONG THEM THE FOREIGN EXCHANGE SHORTAGE.
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Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition History: n/a
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